

Message Text

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TAGS: XK, ES, SHUM, EAID, EAGR, ECON

SUBJECT:EL SALVADOR OFFICIALS DISCUSS DEVELOPMENT PLAN,
PRIVATE ENTERPRISE, AND HUMAN RIGHTS

1. SUMMARY: SALVADORAN MINISTER OF PLANNING, EDUARDO
REYES, AND SALVADORAN AMBASSADOR TO U.S., ROBERTO QUINONEZ
MEZA, CALLED ON ARA DEPUTY ASSISTANT SECRETARY FOR
ECONOMIC AFFAIRS RICHARD ARELLANO, TO DESCRIBE 1978-82
SALVADORAN DEVELOPMENT PLAN. DR. REYES EMPHASIZED PUR-
POSE OF PLAN WAS TO CREATE MIDDLE CLASS BY ENCOURAGING
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PRIVATE PRODUCERS AS WELL AS BY PROVIDING GOVERNMENT
SERVICES. AM0ASSADOR QUINONEZ EXPRESSED HIS GOVERNMENT'S
CONVICTION THAT RESTRAINT IN CONTROLLING TERRORISM HAD
WON FOREIGN AND DOMESTIC BUSINESS COMMUNITY SUPPORT AND
FOREIGN GOVERNMENT SUPPORT FOR GOVERNMENT ECONOMIC
DEVELOPMENT EFFORTS. END SUMMARY.

2. SALVADORAN MINISTER OF PLANNING, ACCOMPANIED BY SALVADORAN AMBASSADOR TO THE U.S., CALLED ON ARA DEPUTY ASSISTANT SECRETARY ON FEBRUARY 23. MR. REYES STATED THAT THE PURPOSE OF HIS VISIT WAS TO APPRISE MR. ARELLANO OF THE PURPOSE AND SUBSTANCE OF THE 1978-8, SALVADORAN DEVELOPMENT PLAN WHICH WAS APPROVED THREE MONTHS AGO.

THE PLAN AIMS AT CREATION OF A MIDDLE CLASS BOTH BY PROVIDING GOVERNMENT SOCIAL SERVICES AND BY GIVING IMPETUS TO PRIVATE PRODUCERS THROUGH LAWS WHICH PROVIDE PROFIT AND TAX INCENTIVES. MR. REYES ELABORATED AT LENGTH FROM MEMORY A DOZEN STRATEGIC SECTORS ADDRESSED BY THE DEVELOPMENT PLAN. HE EXPLAINED THAT THE PLAN CONTAINS NUMEROUS SPECIFIC PROJECTS WITHIN EACH OF THE FOLLOWING SECTORS:

(A) NORTH ZONE: DEVELOPMENT THROUGH ROAD, HOUSING AND EDUCATION PROJECTS.

(B) SO-CALLED "ZONES OF MISERY": RAISE LIVING STANDARDS TO TRANSFORM THE WORST URBAN SLUMS INTO "ZONES OF PROGRESSIVE POVERTY."

(C) TERRITORIAL SEAS: DEVELOP MARINE RESOURCES.

(D) AN INTEGRATED ROAD NETWORK
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(E) RURAL HOUSING

(F) TAX REFORM: NEW OR IMPROVED PROPERTY TAXES WOULD, IN PARTICULAR, SUPPORT RURAL HOUSING. HE ASSERTED THAT A RECENTLY ENACTED LAW TO MAKE TAX COLLECTION MORE RELIABLE ENJOYED THE FULL BACKING OF BUSINESS AND AGRICULTURAL PROPERTY OWNERS.

(G) INTEGRATED AGRARIAN REFORM: LAND DISTRIBUTION, TECHNICAL ASSISTANCE, AND CREDIT.

(H) GRAIN MARKETING

(I) POPULATION PROGRAMS TO CONTROL THE 3.6 ANNUAL POPULATION GROWTH RATE.

(J) NUTRITION PROGRAMS

(K) ENERGY: DEVELOPMENT OF HYDROELECTRIC ENERGY AND EXPLORATION OF THERMAL AND EVEN SOLAR ENERGY.

(L) TOURISM: PROJECTS FOR COASTAL HOTELS AND NATURAL THERMAL WATERS.

(M) PROFESSIONAL TRAINING: AID IS ASSISTING REGIONAL PLANNING AND PEDAGOGY.

MR. REYES INDICATED THAT HE PLANS TO HAVE PROJECT DISCUSSIONS IN THE NEXT TWO WEEKS WITH THE IBRD AND THE IDB. MUCH OF THE DISCUSSION FOLLOWING MR. REYES ELABORATION OF PLAN SECTORS CONCERNED POSSIBILITIES OF DEVELOPMENT IN THE NORTHERN MOUNTAINOUS ZONE NEAR THE BORDER WITH HONDURAS. THERE IS SUFFICIENT RAIN, HIGHWAYS INTO THE AREA ARE IMPROVING, AND MIGRANTS CAN BE INDUCED TO MOVE TO THE AREA AS IT DEVELOPS. COFFEE, LIMITED OFFICIAL USE

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COTTON, AND CASHEWS GROW WELL; VINEYARDS MIGHT POSSIBLY BE DEVELOPED.

3. RE: SENSITIVITY TO HUMAN RIGHTS, AMBASSADOR QUINONEZ DESCRIBED HIS CONVERSATION WITH DEPUTY SECRETARY CHRISTOPHER ON THE OCCASION OF PRESENTING HIS CREDENTIALS. HE SAID THAT MR. CHRISTOPHER HAD ADVOCATED THAT THE GOVERNMENT OF EL SALVADOR ACT "PRUDENTLY" IN CONTROLLING DISSIDENT GROUPS. AMBASSADOR QUINONEZ SAID THAT THE U.S. SUPPORT IN THE IDB FOR THE SAN LORENZO DAM PROJECT WAS PERCEIVED BY THE EL SALVADOR GOVERNMENT AS RELATED TO GOVERNMENT "PRUDENCE" IN THE FACE OF OPPOSITION PROVOCATION. AMBASSADOR QUINONEZ VOLUNTEERED THAT EL SALVADOR HOPES FOR OUTSIDE (READ U.S.) FINANCIAL AND TECHNICAL ASSISTANCE BECAUSE OF THE GOVERNMENT'S INTENTIONS (AS REFLECTED IN THE DEVELOPMENT PLAN) TO ACCOMPANY ECONOMIC GROWTH WITH A JUST DISTRIBUTION OF GOODS AND SERVICES. HE EMPHASIZED HIS POINT OF VIEW THAT THE FULL EFFECTIVENESS OF ASSISTANCE WOULD BE LOST IF IT WERE WITHHELD UNTIL OVERWHELMING EVIDENCE ACCUMULATED OF SALVADORAN SUCCESS IN REDISTRIBUTION OF INCOME.

4. RE: THE PRIVATE ENTERPRISE ROLE, MR. REYES REPEATEDLY NOTED THE CONFIDENCE AND SUPPORT WHICH THE PRIVATE ENTERPRISE SECTOR GIVES TO THE GOVERNMENT PLANS AND PROGRAMS. AMBASSADOR QUINONEZ CHARACTERIZED THE U.S. BUSINESS COMMUNITY AS CONFUSED IN THE EARLY MONTHS OF THE ROMERO ADMINISTRATION BY GOVERNMENT RESTRAINT IN THE FACE OF TERRORISM AND BY THE GOVERNMENT CONCEPT OF PRIVATE SECTOR PRODUCTION WORKING IN JOINT HARNESS WITH GOVERNMENT SOCIAL SERVICES. HE SAYS THAT THE BUSINESS COMMUNITY NOW BOTH UNDERSTANDS THESE POLICIES AND ALSO LIMITED OFFICIAL USE

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BELIEVES THAT THEY WILL SUCCEED IN WINNING MAXIMUM EXTERNAL HELP. AMBASSADOR QUINONEZ CLAIMS THE GOES HAS NEVER ENJOYED GREATER SUPPORT FROM THE U.S. BUSINESS COMMUNITY IN EL SALVADOR. AS EVIDENCE, HE ADDUCED THE LARGE TURNOUT OF PRIVATE BUSINESSMEN FROM EL SALVADOR AT THE NEW ORLEANS THIRD ANNUAL CENTRAL

AMERICAN CONFERENCE IN FEBRUARY 1978.

5. IN THE KEYNOTE SPEECH AT THAT CONFERENCE PRESIDENT ROMERO SUMMARIZED THIS BUSINESS-SUPPORTED POLICY AS FOLLOWS:

QUOTE:

"WE WANT EL SALVADOR TO HAVE A DYNAMIC ECONOMY, WITH THE JUST AND WELL-BALANCED PARTICIPATION OF ALL SECTORS WHICH CONTRIBUTE TO ITS GROWTH; WE WANT A FORWARD LOOKING SOCIAL PROGRESS IN ORDER TO ACHIEVE A BETTER STANDARD OF LIVING FOR THE LARGE MASSES OF POPULATION WITH LIMITED ECONOMIC RESOURCES.

"WE UNDERSTAND SOCIAL PROGRESS AND THE DEVELOPMENT OF A MODERN ECONOMY AS THE OPTIMUM UTILIZATION OF AVAILABLE RESOURCES; AS THE IMPULSE OF A THRIVING SOCIETY WHICH TRANSFORMS, PRODUCES, AND SELLS, UNDER THE PRINCIPLES OF FREE ENTERPRISE." END QUOTE. COOPER

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